

# Telecommunications Issues in NM

Science, Technology & Telecommunications  
Legislative Interim Committee  
July 7, 2015

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**CenturyLink™**

# Local Government

## Investment Statewide in Broadband Accessibility

- ▶ Investment in broadband is imperative for our state to adequately support education, telemedicine and create a regionally competitive state for economic investors.
- ▶ *New Mexico ranks in the bottom quarter of states with minimally adequate broadband. Even more critical is the lack of broadband in rural areas where 25% of the state's population and 39% of the businesses reside. (Department of Information Technology)*

# Local Investments-Outstate Investments

- ▶ Since 2012 CenturyLink has built fiber to 295 outstate/rural locations.
- ▶ \$4 million year to date in overall fiber expansion statewide
- ▶ \$1.3 million year to date fiber to the tower for cellular towers
- ▶ CenturyLink has increased broadband accessibility beyond the Albuquerque metro area.
- ▶ Within the last year CenturyLink replaced an old copper network with a fiber network for increased broadband accessibility on the Acoma Pueblo.
- ▶ 94% of households in Dona Ana County have access to internet from CenturyLink and 78% of Dona Ana County customers qualify for 7 Mbps or higher internet speeds.
- ▶ 93% of households in McKinley County have access to internet from CenturyLink and 53% of McKinley County customers qualify for 7 Mbps or higher internet speeds.
- ▶ 92.3% of households in Socorro have access to internet from CenturyLink and 41.4% of Socorro customers qualify for 12 Mbps or higher internet speeds.

# Right of Way Use

- ▶ One of the most costly issues facing broadband expansion is Right of Way use.
- ▶ In New Mexico, state law prohibits counties from collecting franchise fees and only allows for the collection of reasonable and actual costs for public right of way use (62-1-3, NMSA 1978).
- ▶ This poses difficulties throughout the state where counties seek to recover costs for right of way use, but are unable to determine actual costs for individual utilities when multiple parties are within the right of way.
- ▶ This can become even more costly when crossing tribal lands where negotiations for right of way use can take years. These delays in broadband build out projects are costly.
- ▶ Creating public private partnerships is a good way to work through some of these delays to help deploy more broadband to costly parts of the state.
- ▶ A public private partnership is also a better alternative to government owned networks; which have a high failure rate and ultimately cost tax payers millions of dollars.

# Key Issues: Regulatory Affairs

## Mid Size Carrier Status

- ▶ **NM has three general categories for the regulation of telecommunication services.**
  - **AFOR**                                      **<375,000 Access Lines**                                      **2001**
  - **Mid-Size Carrier**                      **50,000 – 375,000 Access Lines**                                      **2004**
  - **Rural Carriers**                              **>50,000 Access Lines**                                      **1999**
- ▶ **In 2001 CenturyLink (Qwest) became regulated under an Alternative Form of Regulation (AFOR).**
- ▶ **In March 2014 CenturyLink filed a motion with the PRC requesting to regulated as a Mid Size Carrier.**
- ▶ **On April 8, 2015 the Commission concluded that CenturyLink is a Mid Size Carrier effective May 1, 2015. The Commission also issued a NOPR to begin the process of developing revised Mid Size Carrier rules**

# Key Issues: Regulatory Affairs

## Mid Size Carrier Rules

- ▶ **Similar to the AFOR regulation, the Commission maintains rules for Mid Size Carrier that address; Consumer Protection Standards, Quality of Service Standards, and Retail Pricing Standards**
- ▶ **Commission recently tabled the rulemaking process for Mid Size Carriers**
- ▶ **In general, the Mid Size Carrier rules allow for greater flexibility in offering Discounts, Promotions and Price Decreases; Service Quality reports are submitted and measured annually vs. quarterly**

# Key Issues: Regulatory Affairs

## Statewide Broadband Initiative

- ▶ **Commission, led by Commissioner Sandy Jones, issued a Notice of Inquiry establishing a Task Force to look into expanding broadband coverage in New Mexico.**
- ▶ **The goal of the Task Force was to recommend an action plan to address:**
  - **Minimum upload and download speeds**
  - **Create a statewide mapping tool to identify unserved and underserved areas in New Mexico.**
  - **Identify Regulatory and/or Legislative barriers that may exist**
  - **Recommend potential funding opportunities**
- ▶ **The final report was filed with the Commission on June 10<sup>th</sup> and is expected to be presented to the Commission on July 8, 2015**

# 2015 Legislative Session: SB-193/HB-626

- ▶ **Would have incentivized increased broadband investment.**
- ▶ **Would have leveled the playing field for regulation among all landline phone companies, in line with how rural companies have been regulated since 1999.**
- ▶ **NM consumers would benefit with more regulatory flexibility on pricing, promotions and special offers.**
- ▶ **Successfully reached out to competitors, regulators, lawmakers, the Communication Workers of America, and the business community during the 2014 interim, in an effort to develop legislation that was a consensus.**
- ▶ **Senate Bill 193 past its first committee unanimously, but was tabled in Senate Judiciary.**
- ▶ **House Bill 626 passed two House committees and the House floor with strong bi-partisan support, but ran out of time in the Senate as the session ended.**

# Connect America Fund – II “CAF II”

- Strong support from the New Mexico Congressional Delegation, and the NM Science, Technology and Telecommunications interim legislative committee.
- April 29, 2015: FCC announced state level offers to companies.
- CenturyLink offered approximately \$10.9 million annual CAF-II support in NM.
- Requirement to provide internet speeds of 10 Mbps download and 1 Mbps upload to over 25,000 homes and businesses in “high cost” areas in NM identified by the FCC over a 6 year period.
- CenturyLink is currently evaluating the offer, and has until August 27, 2015 to accept or decline it.
- If CenturyLink declines, there will be a future reverse auction to allocate the money.

# Questions

